STATE OF ILLINOIS DEPARTMENT OF REVENUE ILLINOIS INDEPENDENT TAX TRIBUNAL CHICAGO, ILLINOIS

| LA ESTRELLA GROCERY |) |
|--------------------------|---------------------|
| STORE, INC., |) |
| Petitioner, |) |
| v. |) Case No. 14-TT-96 |
| DEPARTMENT OF REVENUE |) |
| OF THE STATE OF ILLINOIS |) |

ANSWER

The Department of Revenue of the State of Illinois, by and through its attorney, Lisa Madigan, Attorney General of the State of Illinois, answers the Taxpayer's Petition as follows:

 La Estrella Grocery Store, Inc. is an Illinois Corporation doing business in Cook County and located at 1858 S. Throop St. Chicago, IL 60608 Tax ID #36-4002410.

ANSWER: The information contained in Paragraph 1 is required by Illinois Tax Tribunal Regulations Section 310(a)(1)(A) (86 Ill. Admin. Code §5000.310) and is not a material allegation of fact that requires an answer under Section 310(b)(2) of the Tax Tribunal Regulations. The Department admits the factual allegations contained in Paragraph 1.

2. An audit was conducted against the corporation for the periods from January 2008-June 2013.

ANSWER: The information contained in Paragraph 2 is required by Illinois Tax Tribunal Regulations Section 310(a)(1)(E) (86 Ill. Admin. Code §5000.310) and is not a material allegation of fact that requires an answer under Section 310(b)(2) of the Tax Tribunal Regulations. The Department admits the factual allegations contained in Paragraph 2.

3. Based upon the audit the Illinois Department of Revenue has issued an assessment for tax liability. (Copy of said assessments are attached hereto and marked Exhibit "A".)

ANSWER: The Department admits the factual allegations contained in Paragraph 3.

4. Said assessments are arbitrary in nature and should not be assessed against the taxpayer.

ANSWER: Paragraph 4 contains a legal conclusion, not a material allegation of fact, and therefore does not require an answer under Section 310(b)(2) of the Tax Tribunal Regulations. The Department admits the existence, force and effect of Section 2-5 of the Retailers' Occupation Tax Act and Section 10-10 of the Tobacco Products Act of 1995 but denies that its actions are arbitrary and that the tax should not be assessed.

5. The assessments should not be issued because upon information and belief, the Department of Revenue arbitrarily stated that purchases were made from a particular vendor without any justification and the taxpayer provided books and records to refute any presumption of said purchases.

ANSWER: The Department denies the factual allegations in Paragraph 5.

 As a result of the Illinois Department of Revenue's failure to properly conduct the audit, a deficiency was assessed.

ANSWER: The Department denies the factual allegations in Paragraph 6.

7. Based upon the deficiency stated upon, the Independent Tax Tribunal should negate the assessments that were issued.

ANSWER: The information contained in Paragraph 7 is required by Illinois Tax Tribunal Regulations Section 310(a)(1)(G) (86 Ill. Admin. Code §5000.310) and is not a material allegation of fact that requires an answer under Section 310(b)(2) of the Tax Tribunal

Regulations. The allegations in paragraph 7 of the petition consist not of material allegations of fact, but of factual and legal conclusions and are therefore denied.

Respectfully submitted, Illinois Department of Revenue

By: /s/ Ashley Hayes Forte
Ashley Hayes Forte
Special Assistant Attorney General

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